

# House File 96

HOUSE FILE \_\_\_\_\_  
BY JOCHUM and SMITH

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to third-party payment of health care coverage  
2 costs for mental health conditions, including alcohol or  
3 substance abuse treatment services.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1682HH 82  
6 av/es/88

PAG LIN

1 1 Section 1. NEW SECTION. 514C.23 MANDATED COVERAGE FOR  
1 2 MENTAL HEALTH CONDITIONS == MENTAL HEALTH INSURANCE ADVISORY  
1 3 COMMITTEE.  
1 4 1. For purposes of this section, unless the context  
1 5 otherwise requires:  
1 6 a. "Mental health condition" means a condition or disorder  
1 7 involving mental illness or alcohol or substance abuse that  
1 8 falls under any of the diagnostic categories listed in the  
1 9 mental disorders section of the international classification  
1 10 of disease, as periodically revised.  
1 11 b. "Rates, terms, and conditions" means any lifetime  
1 12 payment limits, deductibles, copayments, coinsurance, and any  
1 13 other cost-sharing requirements, out-of-pocket limits, visit  
1 14 limitations, and any other financial component of benefits  
1 15 coverage that affects the covered individual.  
1 16 2. a. Notwithstanding section 514C.6, a policy or  
1 17 contract providing for third-party payment or prepayment of  
1 18 health or medical expenses shall provide coverage benefits for  
1 19 mental health conditions based on rates, terms, and conditions  
1 20 which are no more restrictive than the rates, terms, and  
1 21 conditions for coverage benefits provided for other health or  
1 22 medical conditions under the policy or contract.  
1 23 Additionally, any rates, terms, and conditions involving  
1 24 deductibles, copayments, coinsurance, and any other cost-  
1 25 sharing requirements shall be cumulative for coverage of both  
1 26 mental health conditions and other health or medical  
1 27 conditions under the policy or contract.  
1 28 b. Coverage required under this subsection shall be as  
1 29 follows:  
1 30 (1) For the treatment of mental illness, coverage shall be  
1 31 for services provided by a licensed mental health professional  
1 32 or services provided in a licensed hospital or health  
1 33 facility.  
1 34 (2) For the treatment of alcohol or substance abuse,  
1 35 coverage shall be for services provided by a substance abuse  
2 1 counselor, as approved by the department of human services; a  
2 2 licensed health facility providing a program for the treatment  
2 3 of alcohol or substance abuse approved by the department of  
2 4 human services; or a substance abuse treatment and  
2 5 rehabilitation facility, as licensed by the department of  
2 6 public health pursuant to chapter 125.  
2 7 3. This section applies to the following classes of third-  
2 8 party payment provider contracts or policies delivered, issued  
2 9 for delivery, continued, or renewed in this state on or after  
2 10 January 1, 2008:  
2 11 a. Individual or group accident and sickness insurance  
2 12 providing coverage on an expense-incurred basis.  
2 13 b. An individual or group hospital or medical service  
2 14 contract issued pursuant to chapter 509, 514, or 514A.  
2 15 c. A plan established pursuant to chapter 509A for public  
2 16 employees.  
2 17 d. An individual or group health maintenance organization  
2 18 contract regulated under chapter 514B.  
2 19 e. An individual or group Medicare supplemental policy,

2 20 unless coverage pursuant to such policy is preempted by  
2 21 federal law.  
2 22 f. Any other entity engaged in the business of insurance,  
2 23 risk transfer, or risk retention, which is subject to the  
2 24 jurisdiction of the commissioner.  
2 25 g. An organized delivery system licensed by the director  
2 26 of public health.  
2 27 4. The commissioner shall adopt rules to administer this  
2 28 section after consultation with the mental health insurance  
2 29 advisory committee.  
2 30 a. The commissioner shall appoint members to a mental  
2 31 health insurance advisory committee. Members shall include  
2 32 all sectors of society impacted by issues associated with  
2 33 coverage of mental health treatment by third-party payors  
2 34 including but not limited to representatives of the insurance  
2 35 industry, small and large employers, employee representatives  
3 1 including labor, individual consumers, health care providers,  
3 2 and other groups and individuals that may be identified by the  
3 3 insurance division of the department of commerce.  
3 4 b. The committee shall meet upon the request of the  
3 5 commissioner to review rules proposed under this section by  
3 6 the commissioner, and to make suggestions as appropriate.  
3 7 Sec. 2. Section 514C.22, Code 2007, is repealed effective  
3 8 January 1, 2008.

3 9 EXPLANATION

3 10 This bill creates new Code section 514C.23 and provides  
3 11 that a policy or contract providing for third-party payment or  
3 12 prepayment of health or medical expenses must provide coverage  
3 13 benefits for mental health conditions based on rates, terms,  
3 14 and conditions which are no more restrictive than the rates,  
3 15 terms, and conditions associated with coverage benefits  
3 16 provided for other conditions under the policy or contract.  
3 17 Mental health conditions are defined to mean a condition or  
3 18 disorder involving mental illness or alcohol or substance  
3 19 abuse that falls under any of the diagnostic categories listed  
3 20 in the mental disorders section of the international  
3 21 classification of disease, as periodically updated.  
3 22 The bill also requires the insurance commissioner to adopt  
3 23 rules to administer the new Code section, after consultation  
3 24 with the new mental health insurance advisory committee, whose  
3 25 members are appointed by the commissioner from business,  
3 26 consumer, and health groups.  
3 27 Code section 514C.22, which currently mandates coverage for  
3 28 certain biologically based mental illnesses is repealed  
3 29 effective January 1, 2008.  
3 30 LSB 1682HH 82  
3 31 av:nh/es/88